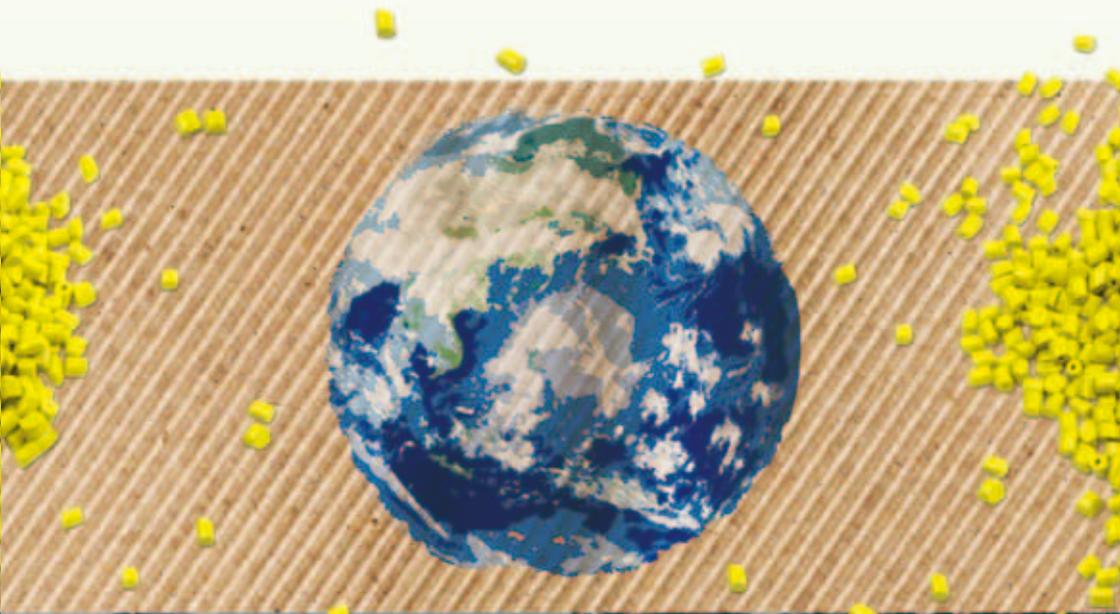




LONG SUCCESS
INTERNATIONAL (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code:8017)



First Quarterly Report 2012

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the "Directors") of Long Success International (Holdings) Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement in this report misleading or deceptive; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

HIGHLIGHTS

FINANCIAL HIGHLIGHTS

The Company and its subsidiaries (collectively, the "Group") recorded an unaudited revenue of approximately HK\$49,236,000 for the three months ended 30 June 2012 (the "Reporting Period"), representing a decrease of approximately 22.3% as compared with approximately HK\$63,369,000 for the last corresponding period.

The unaudited loss for the period attributable to owners of the Company for the Reporting Period was approximately HK\$10,338,000, representing an increase of approximately 149% as compared with approximately HK\$4,146,000 for the last corresponding period.

The board of directors of the Company (the "Board") does not recommend any payment of interim dividend for the Reporting Period.

FIRST QUARTERLY RESULTS

The unaudited condensed consolidated results of the Group for the three months ended 30 June 2012 together with the unaudited comparatives for the corresponding period in 2011 are as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Three months ended 30 June	
	Note	2012 HK\$'000	2011 HK\$'000
Revenue	4	49,236	63,369
Cost of sales		<u>(47,785)</u>	<u>(57,835)</u>
Gross profit		1,451	5,534
Other net income and net gains		424	400
Selling expenses		(68)	(286)
Administrative expenses		<u>(10,390)</u>	<u>(6,769)</u>
Operating loss		(8,583)	(1,211)
Finance costs		<u>(4,684)</u>	<u>(3,121)</u>
Loss before taxation		(13,267)	(4,242)
Income tax	5	<u>(109)</u>	<u>(107)</u>
Loss for the period		(13,376)	(4,349)
Other comprehensive income			
Exchange differences on translating foreign operations		<u>(1,633)</u>	<u>4,143</u>
Total comprehensive loss for the period		<u>(15,009)</u>	<u>(206)</u>

		Unaudited	
		Three months ended	
		30 June	
	<i>Note</i>	2012	2011
		HK\$'000	HK\$'000
Loss for the period attributable to:			
Owners of the Company		(10,338)	(4,146)
Non-controlling interests		(3,038)	(203)
		<u>(13,376)</u>	<u>(4,349)</u>
Total comprehensive loss for the period attributable to:			
Owners of the Company		(11,241)	(2,162)
Non-controlling interests		(3,768)	1,956
		<u>(15,009)</u>	<u>(206)</u>
Loss per share attributable to owners of the Company			
- Basic (HK cents per share)	6	<u>(6.576)</u>	<u>(0.158)</u>
- Diluted (HK cents per share)	6	<u>(6.576)</u>	<u>(0.158)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 JUNE 2011

	Attributable to owners of the Company								Non-controlling interests	Total Equity	
	Share capital	Share premium	Exchange reserve	Share option reserve	Warrant reserve	Convertible bonds reserve	Accumulated losses	Statutory reserve			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2011	104,958	383,200	12,267	18,563	1,500	3,347	(147,422)	792	377,205	124,474	501,679
Loss for the period	-	-	-	-	-	-	(4,146)	-	(4,146)	(203)	(4,349)
Exchange difference arising during the period	-	-	2,390	-	-	-	-	-	2,390	1,753	4,143
Total comprehensive loss	-	-	2,390	-	-	-	(4,146)	-	(1,756)	1,550	(206)
At 30 June 2011	<u>104,958</u>	<u>383,200</u>	<u>14,657</u>	<u>18,563</u>	<u>1,500</u>	<u>3,347</u>	<u>(151,568)</u>	<u>792</u>	<u>375,449</u>	<u>126,024</u>	<u>501,473</u>

FOR THE PERIOD ENDED 30 JUNE 2012

	Attributable to owners of the Company								Non-controlling interests	Total Equity	
	Share capital	Share premium	Exchange reserve	Share option reserve	Warrant reserve	Convertible bonds reserve	Accumulated losses	Statutory reserve			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2012	1,572	382,319	22,709	22,130	1,500	-	(62,913)	1,042	368,359	123,659	492,018
Loss for the period	-	-	-	-	-	-	(10,338)	-	(10,338)	(3,038)	(13,376)
Exchange difference arising during the period	-	-	(903)	-	-	-	-	-	(903)	(730)	(1,633)
Total comprehensive loss	-	-	(903)	-	-	-	(10,338)	-	(11,241)	(3,768)	(15,009)
At 30 June 2012	<u>1,572</u>	<u>382,319</u>	<u>21,806</u>	<u>22,130</u>	<u>1,500</u>	<u>-</u>	<u>(73,251)</u>	<u>1,042</u>	<u>357,118</u>	<u>119,891</u>	<u>477,009</u>

NOTES TO THE UNAUDITED FIRST QUARTERLY FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements for the three months ended 30 June 2012 have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

These condensed consolidated financial statements have been prepared under the historical cost convention.

These condensed consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK\$'000) except when otherwise stated.

The condensed consolidated financial statements are unaudited but have been reviewed by the audit committee of the Company (the "Audit Committee").

The Group incurred unaudited loss for the period ended 30 June 2012 of approximately HK\$10,338,000 and as of that date, the Group's unaudited current liabilities exceeded its current assets by HK\$161,054,000. In addition, the Company received redemption notice on 17 November 2011 from the note holder requesting for the redemption of the convertible note with original principal amount of RMB70,000,000 and its accreted portion, together with the accrued but unpaid interest. In accordance with the relevant terms and conditions of the note instrument of the convertible note, the said amount has been due for repayment since December 2011 and remained unsettled up to the date of this report. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern.

The Directors have been taking active steps to improve the liquidity position of the Group. These steps included (1) the Company had entered into a convertible bonds placing agreement with a placing agent subsequent to the period-end date, pursuant to which the placing agent has conditionally agreed to procure, on a best-effort basis, the convertible bonds places to subscribe for the convertible bonds of up to an aggregate principal amount of HK\$100 million to finance the general working capital of the Group; (2) the Company entered into a placing agreement with a placing agent to place up to a maximum of 31,000,000 placing shares to an aggregate principal amount of HK\$3.7 million to finance the general working capital of the Group; (3) one of the substantial shareholders has confirmed his intention and ability to provide continuing financial support to the Group so as to enable it to meet its liabilities as and when they fall due and to carry on its business for the foreseeable future; (4) the Directors are considering various alternatives to strengthen the capital base of the Company through various fund raising exercise, including but not limited to private placement, open offer or right issue of new shares of the Company; and (5) the Directors continue to take action to tighten cost controls over various operating expenses, with an aim to attaining profitable and positive cash flow operations.

In light of the measures described above, the Directors are confident that the Group will have sufficient working capital to meet its financial obligation as and when they fall due. Accordingly, the Directors are of the opinion that it is appropriate to prepare these unaudited consolidated financial statements on a going concern basis. These unaudited consolidated financial statements do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those applied in the Group's audited financial statements for the year ended 31 March 2012.

3. ADOPTION OF NEW AND REVISED HKFRSs

In the current period, the Group has adopted a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), amendments to Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are relevant to the Group and effective for accounting periods beginning on or after 1 April 2012. The adoption of these new HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not early adopted the new HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of the new HKFRSs will have no material impact on the results and financial position of the Group.

4. REVENUE AND SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a business lines (products and services) in a manner consistent with the way in which information is reported internally to the Board, being the chief operating decision maker, for their decisions about resources allocation to the Group's business components and review of these components' performance.

The Group has the following operating segments:

- (i) Paper products – manufacturing, processing and sales of package and paper products;
- (ii) Biodegradable products – manufacturing, processing and sales of biodegradable products; and
- (iii) Money-lending business.

There were no sales or other transactions between the operating segments.

The segments are managed separately as each business offers different products and services. The accounting policies of the operating segments are the same as those described in the basis of preparation of the financial statements and significant accounting policies.

The following is an analysis of the Group's revenue from its major products and services:

	Unaudited Three months ended 30 June 2012		Unaudited Three months ended 30 June 2011	
	Turnover HK\$'000	Segment Profit/ (Loss) HK\$'000	Turnover HK\$'000	Segment Profit/ (Loss) HK\$'000
Sale of paper products	48,998	(1,701)	62,967	2,347
Interest income from money lending business	238	(161)	402	(89)
Sales of biodegradable products	-	(2,943)	-	(933)
	<u>49,236</u>	<u>(4,805)</u>	<u>63,369</u>	<u>1,325</u>
Unallocated expense		(3,778)		(2,446)
Finance costs		(4,684)		(3,121)
Loss before tax		(13,267)		(4,242)
Income tax expense		(109)		(107)
Loss for the period		<u>(13,376)</u>		<u>(4,349)</u>
		Unaudited Three months ended 30 June 2012		Unaudited Three months ended 30 June 2011
Hong Kong		238		402
The PRC		48,998		62,967
		<u>49,236</u>		<u>63,369</u>

5. INCOME TAX

Hong Kong profits tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profit for the period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

6. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to owners of the Company for the three months ended 30 June 2012 of approximately HK\$10,338,000 (2011: HK\$4,146,000) and the weighted average number of 157,197,250 (2011: 2,623,945,000) ordinary shares in issue during the period. The basic and diluted loss per share from continuing and discontinued operations are the same for the three months ended 30 June 2012 and 2011 respectively, as the Company recorded losses attributable to the owners of the Company. Hence, the effect of any incremental shares from the assumed exercises of share options, warrants and convertible note/bonds outstanding as at 30 June 2012 and 2011 would be anti-dilutive and was not included in the calculation of diluted loss per share.

7. INTERIM DIVIDEND

The Board of the Company does not recommend the payment of interim dividend for the period (2011: Nil).

8. SHARE CAPITAL

	Number of shares		Amount	
	Three months ended		Three months ended	
	30 June		30 June	
	2012	2011	2012	2011
			HK\$'000	HK\$'000
Authorised				
Ordinary shares of				
HK\$0.01 each				
(2011: HK\$0.04 each)	<u>30,000,000</u>	<u>7,500,000</u>	<u>300,000</u>	<u>300,000</u>
Issued and fully paid:				
At beginning and at				
end of period	<u>157,197</u>	<u>2,623,945</u>	<u>1,572</u>	<u>104,958</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the Group has been principally engaged in the paper manufacturing business; biodegradable materials manufacturing business, and money lending services.

Paper manufacturing business

In respect of the management of paper manufacturing business, during the Reporting Period, this business segment reported a revenue of approximately HK\$48,998,000 (2011: HK\$62,967,000), representing a decrease of approximately 22.2% as compared with the last corresponding period.



Biodegradable materials manufacturing business

The biodegradable materials manufacturing business of the Group has not generated any revenue for the Reporting Period (2011: nil), as it was still under trial operation.



Money lending business

The money lending business reported a revenue of approximately HK\$238,000 (2011: HK\$402,000) during the Reporting Period, representing a decrease of approximately 40.8% as compared with the last corresponding period.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded an unaudited revenue of approximately HK\$49,236,000 (2011: HK\$63,369,000), representing a decrease of approximately 22.3% as compared with the last corresponding period. The decrease in revenue was mainly due to the drop in sales of package and paper products.

Cost of sales for the Reporting Period amounted to approximately HK\$47,785,000 (2011: HK\$57,835,000), representing a decrease of approximately 17.4% as compared with the last corresponding period. This decrease was mainly due to the drop in the sales of package and paper products.

Administrative expenses for the Reporting Period amounted to approximately HK\$10,390,000 (2011: HK\$6,769,000), representing an increase of approximately 53.5% as compared with the last corresponding period. This increase was mainly due to increase in staff costs, professional fee expenses, rental expenses and charges for depreciation.



Finance costs for the Reporting Period was approximately HK\$4,684,000 (2011: HK\$3,121,000), representing an increase of approximately 50.1% as compared with the last corresponding period. The increase was mainly due to the increase in interest expenses on the Group's debts.

The Group recorded a loss attributable to owners of the Company for the Reporting Period of approximately HK\$10,338,000 (2011: HK\$4,146,000). As a result, the basic loss per share of the Company increased from HK0.158 cent for the three months ended 30 June 2012 to HK6.576 cent for the period under review.



SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS

(A) Confirmation letter in relation to the convertible bonds and profit guarantee issued under the very substantial acquisition

Referring to the announcement dated 28 June 2012, the Company and the vendor of Mega Bright Investment Development Limited ("Mega Bright") entered into the fourth confirmation letter (the "Fourth Confirmation Letter") in relation to the profit guarantee. According to the Jining Gangning Paper Co. Ltd. ("Jining Gangning"), the aggregate net profit after tax for the financial years ended 31 December 2010 and 2011 were affected by the increase in the market price of the raw materials due to the reduction and withdrawal of government subsidies provided to the waste paper supplier; the reduction and withdrawal of purchase rebate; the increase in the price of electricity and the cost of steam generation (the "Profit Reduction Factors"). These Profit Reduction Factors, together, reduced aggregate net profit after tax by RMB47,850,718, of which, RMB24,403,866 (equivalent to approximately HK\$30,146,096) is attributable to the Company (the "Profit Reduction"). The Company and the vendor mutually agreed that the Profit Reduction Factors are force majeure events which are not predictable nor avoidable. Pursuant to acquisition agreement, no party shall be liable for failure or delay performing of the contractual obligations due to the force majeure events. The Company and the vendor have agreed to set off the Profit Guarantee Shortfall Balance of HK\$31,602,530 against the Profit Reduction of HK\$30,146,096. The remaining balance of HK\$1,456,434 shall be payable by the vendor within one month from the date of the Fourth Confirmation Letter. Details of the Fourth Confirmation Letter were set out in the announcement of the Company dated 28 June 2012.

(B) Lapse of convertible bonds

Referring to the announcements dated 3 April 2012, 27 April 2012, 18 May 2012, 4 July 2012 and 1 August 2012 and circular of the Company dated 21 May 2012, the Company entered into the subscription agreement ("Subscription Agreement") with the subscriber, pursuant to which, the subscriber has conditionally agreed to subscribe for the convertible bonds ("Convertible Bonds") in the principal amount of HK\$100,000,000 due three years from the closing date with the right to convert the Convertible Bonds into a maximum of 485,242,666 conversion shares ("Conversion Shares") at the conversion price of HK\$0.30 ("Conversion Price") (subject to adjustments) per Conversion Share. Assuming full conversion of the Convertible Bonds and all the accrued but unpaid interest of the Convertible Bonds are converted at the Conversion Price, a maximum of 485,242,666 Conversion Shares will be issued by the Company, representing (i) approximately 308.68% of the Company's total issued share capital of the Company of 157,197,250 Consolidated Shares as at the date of the Subscription Agreement; and (ii) approximately 75.53% of the Company's total issued share capital as enlarged by

the issue of the Conversion Shares of 642,439,916 Shares upon full conversion of the Convertible Bonds. The estimated net proceeds from the issue of the Convertible Bonds (after deduction of all related expenses) of approximately HK\$98,000,000 will be used to redeem the convertible notes issued by the Company on 28 December 2010 and the remaining amount will be used as the general working capital of the Group. The shareholders of the Company, at the special general meeting held on 13 June 2012, approved the issue of Convertible Bonds and the transactions contemplated thereunder as set out in the notice of special general meeting dated 21 May 2012.

As requested by the subscriber, more time than expected would be required for it to complete the subscription. Accordingly, on 4 July 2012, the Subscriber and the Company entered into the supplemental agreement (the "Supplemental Agreement"), pursuant to which, the Subscriber and the Company agreed in writing to change the completion date (the "Completion Date") of the Subscription Agreement to 31 July 2012 or such other date as the subscriber and the Company may agree in writing. Finally, the subscriber had failed to settle and discharge the entire amount of the outstanding consideration, the subscription could not be completed and the subscription agreement was lapsed. Details of issue and lapse of Convertible Bonds were set out in the announcements dated 3 April 2012, 27 April 2012, 18 May 2012, 4 July 2012, and 1 August 2012 and circular of the Company dated 21 May 2012.

(C) Placing of convertible bonds under specific mandate

Referring to the announcement dated 28 July 2012, the Company entered into the convertible bonds placing agreement (the "CB Placing Agreement") with the placing agent (the "Placing Agent") pursuant to which the Placing Agent has conditionally agreed to procure, on a best-effort basis, the convertible bonds placees (the "CB Placees") to subscribe for the convertible bonds (the "CB") of up to an aggregate principal amount of HK\$100 million. Based on the initial conversion price of HK\$0.08 per conversion share (the "CB Conversion Shares"), a maximum number of 1,250,000,000 CB Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the CB in full, which represent approximately 795.18% of the existing issued share capital of the Company and approximately 88.83% of the issued share capital of the Company as enlarged by the issue of the CB Conversion Shares. The CB Conversion Shares shall be issued under a specific mandate to be approved by the Shareholders at the SGM. The estimated net proceeds from the placing (after deducting related expenses) are estimated to be of approximately HK\$96.45 million. The Company intends to use the net proceeds for the Group's general working capital. Details of the CB Placing Agreement were set out in the announcement of the Company dated 28 July 2012. The issue of CB was not yet completed as at the date of this report.

(D) Placing of shares under general mandate

Referring to the announcement dated 28 July 2012, the Company entered into the placing agreement (the "Placing Agreement") with the Placing Agent whereby the Company agreed to place, through the Placing Agent, on a best effort basis, up to a maximum of 31,000,000 placing shares (the "Placing Shares") to not less than six places at a price of HK\$0.12 per Placing Share. The 31,000,000 Placing Shares represented approximately (i) 19.72% of the issued share capital of the Company on 28 July 2012; and (ii) 16.47% of the issued share capital of the Company as enlarged by the issue of 31,000,000 Placing Shares. The aggregate nominal value of the Placing Shares was HK\$310,000. The Placing Shares would be issued under the general mandate. Assuming a maximum of 31,000,000 Placing Shares were successfully placed by the Placing Agent, the aggregate gross proceeds and net proceeds from the Placing would be approximately HK\$3.7 million and HK\$3.5 million, respectively. The Company intended to use the net proceeds for the Group's general working capital. Details of the issue of Placing Shares were set out in the announcement of the Company dated 28 July 2012 and was not yet completed as at the date of this report.

OUTLOOK

During the Reporting Period, the Group continued its principal businesses of the paper manufacturing business; biodegradable materials manufacturing business, and money lending services. The Board will continue to adopt a positive yet prudent approach in its investment strategy and will continue to seek other investment opportunities and to explore the feasibility of expansion into other business segments with a view to diversify the Group's business portfolio aiming to enhance the Group's profitability and the shareholders' value in the long run.

SHARE OPTION SCHEME

A share option scheme (the "Old Scheme") was approved and adopted by the shareholders of the Company at an annual general meeting held on 21 August 2006. Under the Old Scheme, the Board was authorised to grant options to the participants of the Group including any employee, director, adviser, consultant, licensor, distributor, supplier, agents, customer, joint venture partner, strategic partner and service provider to or of any member of the Group whom the Board considers in its sole discretion to subscribe for the shares of the Company. The Old Scheme expired on 17 August 2010 as the term thereof is ten (10) years from the date on which dealings in the shares of the Company first commenced on GEM.

A new share option scheme (the "Existing Scheme") was approved and adopted by the shareholders of the Company at the annual general meeting of the Company held on 23 August 2010 (the "AGM"), details of which are set out in the circular of the Company dated 21 July 2010.

Details of the outstanding and movements of the share options under the Old Scheme and the Existing Scheme (collectively "the Scheme") during the Reporting Period are as follows:

Grantee	As at 1 April 2012	Cancelled/			As at 30 June 2012	Date of grant (dd/mm/yy)	Exercisable period (dd/mm/yy)	Exercise price HK\$
		Granted during the year	lapsed during the year	Exercised during the year				
Directors								
Guo Wanda	700,000	-	-	-	700,000	15/11/10	15/11/10 to 14/11/20	3.32
Hu Dongguang	550,000	-	-	-	550,000	30/03/10	30/3/10 to 29/03/20	5.72
Hu Dongguang	200,000	-	-	-	200,000	15/11/10	15/11/10 to 14/11/20	3.32
Ng Chau Tung, Robert	12,500	-	-	-	12,500	20/02/08	20/02/08 to 19/02/18	4.88
Ng Chau Tung, Robert	12,500	-	-	-	12,500	02/05/08	02/05/08 to 01/05/18	3.92
Ng Chau Tung, Robert	50,000	-	-	-	50,000	15/11/10	15/11/10 to 14/11/20	3.32
Ng Kwok Chu, Winfield	12,500	-	-	-	12,500	20/02/08	20/02/08 to 19/02/18	4.88
Ng Kwok Chu, Winfield	12,500	-	-	-	12,500	02/05/08	02/05/08 to 01/05/18	3.92
Ng Kwok Chu, Winfield	50,000	-	-	-	50,000	15/11/10	15/11/10 to 14/11/20	3.32
Tse Ching Leung	35,000	-	-	-	35,000	01/09/09	01/09/09 to 31/08/19	3.20
Tse Ching Leung	50,000	-	-	-	50,000	15/11/10	15/11/10 to 14/11/20	3.32
Wang Qingyi	50,000	-	-	-	50,000	15/11/10	15/11/10 to 14/11/20	3.32
Wong Kam Leong	337,500	-	-	-	337,500	09/05/08	09/05/08 to 08/05/18	3.84
Wong Kam Leong	37,500	-	-	-	37,500	18/05/09	18/05/09 to 17/05/19	3.36
Wong Kam Leong	37,500	-	-	-	37,500	01/09/09	01/09/09 to 31/08/19	3.20
Wong Kam Leong	150,000	-	-	-	150,000	30/03/10	30/03/10 to 29/03/20	5.72
Wong Kam Leong	187,500	-	-	-	187,500	15/11/10	15/11/10 to 14/11/20	3.32
Wu Bing Xiang	410,000	-	-	-	410,000	01/09/09	01/09/09 to 31/08/19	3.20
Wu Bing Xiang	100,000	-	-	-	100,000	30/03/10	30/03/10 to 29/03/20	5.72
Wu Bing Xiang	190,000	-	-	-	190,000	15/11/10	15/11/10 to 14/11/20	3.32
Sub-total	<u>3,185,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,185,000</u>			

Grantee	As at 1 April 2012	Granted during the year	Cancelled/ lapsed during the year	Exercised during the year	As at 30 June 2012	Date of grant (dd/mm/yy)	Exercisable period (dd/mm/yy)	Exercise price HK\$
Other employees and consultants								
In aggregate	175,000	-	-	-	175,000	20/02/08	20/02/08 to 19/02/18	4.88
In aggregate	25,000	-	-	-	25,000	22/02/08	22/02/08 to 21/02/18	4.96
In aggregate	225,000	-	-	-	225,000	02/05/08	02/05/08 to 01/05/18	3.92
In aggregate	1,250,025	-	-	-	1,250,025	09/05/08	09/05/08 to 08/05/18	3.84
In aggregate	37,500	-	-	-	37,500	18/05/09	18/5/09 to 17/5/19	3.36
In aggregate	675,000	-	-	-	675,000	17/09/08	17/09/08 to 16/09/18	4.048
In aggregate	325,000	-	-	-	325,000	31/12/08	31/12/08 to 30/12/18	2.80
In aggregate	437,500	-	-	-	437,500	01/09/09	01/09/09 to 31/08/19	3.20
In aggregate	250,000	-	-	-	250,000	30/03/10	30/03/10 to 29/03/20	5.72
In aggregate	1,575,000	-	-	-	1,575,000	15/11/10	15/11/10 to 14/11/20	3.32
In aggregate	1,000,000	-	-	-	1,000,000	10/01/11	10/01/11 to 09/01/21	3.50
In aggregate	2,100,000	-	-	-	2,100,000	12/07/11	12/07/11 to 11/07/21	3.00
Sub-total	<u>8,075,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,075,025</u>			
Total	<u><u>11,260,025</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>11,260,025</u></u>			

DIRECTORS

The Directors during the Reporting Period and up to the date of this report were:

Executive Directors

Mr. Wong Kam Leong

Mr. Wu Shaohong

Mr. Hu Dongguang

Mr. Wu Bingxiang

Dr. Guo Wanda

Independent non-executive Directors

Mr. Ng Kwok Chu, Winfield

Mr. Ng Chau Tung, Robert

Mr. Tse Ching Leung

Mr. Wang Qingyi

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2012, the following Directors and chief executive of the Company had or were deemed to have interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules:

Long positions in shares

Name	Type of interest	Number of ordinary shares of the Company	Number of underlying shares of the Company	Total	Percentage of Shareholding
Directors					
Wong Kam Leong	Corporate Interest	12,706,250 (Note 1)	-	30,956,250	19.69%
	Personal Interest	-	750,000 (Note 2)		
	Spousal Interest	17,500,000 (Note 1)	-		
Wu Shaohong	Corporate Interest	1,440,000 (Note 7)	-	1,440,000	0.92%
Hu Dongguang	Personal Interest	-	750,000 (Note 2)	750,000	0.48%
Wu Bingxiang	Personal Interest	-	700,000 (Note 3)	700,000	0.45%
Guo Wanda	Personal Interest	-	700,000 (Note 3)	700,000	0.45%
Ng Kwok Chu, Winfield	Personal Interest	-	75,000 (Note 4)	75,000	0.05%
Ng Chau Tung, Robert	Personal Interest	-	75,000 (Note 4)	75,000	0.05%
Tse Ching Leung	Personal Interest	-	85,000 (Note 5)	85,000	0.05%
Wang Qingyi	Personal Interest	-	50,000 (Note 6)	50,000	0.03%

Notes:

- 12,706,250 shares are beneficially owned by and registered in the name of Wide Fine International Limited ("Wide Fine"), a company incorporated in Hong Kong with limited liability and is wholly-owned by Mr. Wong Kam Leong, an executive Director and 17,500,000 shares are beneficially owned by and registered in the name of View Good International Limited ("View Good"), a company incorporated in Hong Kong with limited liability and is wholly-owned by Ms. Tam Sio Wan, the wife of Mr. Wong Kam Leong.
- As at 30 June 2012, 750,000 share options conferring rights to subscribe for 750,000 shares.
- As at 30 June 2012, 700,000 share options conferring rights to subscribe for 700,000 shares.
- As at 30 June 2012, 75,000 share options conferring rights to subscribe for 75,000 shares.
- As at 30 June 2012, 85,000 share options conferring rights to subscribe for 85,000 shares.
- As at 30 June 2012, 50,000 share options conferring rights to subscribe for 50,000 shares.
- As at 30 June 2012, Mr. Wu Shaohong ("Mr. Wu") owns 28,800,000 shares through Win Right Holdings Ltd. which is 40% and 60% owned by Mr. Wu and Mr. Liang Yucheng, respectively.

Save as disclosed above, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement to enable any of the Directors or members of its management to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

Save as disclosed above, as at 30 June 2012, none of the Directors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 30 June 2012, the Company had been notified of the following substantial shareholder's interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executive.

Name	Number of ordinary shares held	Number of underlying shares held	Total	Percentage of shareholding
Wide Fine International Limited (Note 1)	12,706,250	-	12,706,250	8.08%
View Good International Limited (Note 2)	17,500,000	-	17,500,000	11.13%
Nicky International Limited (Note 3)	10,800,000	-	10,800,000	6.87%

Note:

1. Wide Fine International Limited is beneficially and wholly owned by Mr. Wong Kam Leong ("Mr. Wong"), an executive Director.
2. View Good International Limited is beneficially and wholly owned by Ms. Tam Sio Wan, the wife of Mr. Wong.
3. Nicky International Limited is beneficially and wholly owned by Mr. Chen Jianqiu and Mr. Leung Wa in equal shares.

Save as disclosed above, no other person had registered an interest or short position in the shares and underlying shares of the Company that was required to be reported pursuant to section 336 of the SFO as at 30 June 2012.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 30 June 2012, the Directors were not aware of any business or interest of each Director, management shareholder (as defined in the GEM Listing Rules) and the respective associates of each that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

In compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, the Company has established an audit committee comprising independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert and Mr. Tse Ching Leung. The Group's unaudited results for the three months ended 30 June 2012 have been reviewed by the audit committee. Members of the committee were of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements and that adequate disclosures had been made.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the three months ended 30 June 2012, neither the Company nor any of its holding companies or subsidiaries purchased, sold or redeemed any listed securities of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standards of dealings regarding securities transactions by Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specified enquiry with the Directors, all the Directors confirmed that they have complied with the required code of conduct and required standard of dealings throughout the Reporting Period.

On behalf of the Board
Wong Kam Leong
Chairman

14 August 2012, Hong Kong

As at the date hereof, the Board comprises five executive Directors, namely Mr. Wong Kam Leong, Mr. Wu Shaohong, Mr. Hu Dongguang, Mr. Wu Bingxiang, and Dr. Guo Wanda; and four independent non-executive Directors, namely Mr. Ng Kwok Chu, Winfield, Mr. Ng Chau Tung, Robert, Mr. Tse Ching Leung and Mr. Wang Qingyi.